TRAVANCORE LEGISLATIVE COUNCIL.

FIRST SESSION, 1100.

Thursday, the 5th February, 1925.

(OFFICIAL REPORT.)

The Council met again in the Victoria Jubilee Town Hall at Eleven Thirty-five of the Clock, the President presiding.

QUESTIONS AND ANSWERS.

[*Order made by the President under Standing Order No. 12*—

(1) Printed copies of the questions and answers to be put and given at a meeting of the Council shall be placed on the Council table 15 minutes before the President takes his seat.

(2) The questions shall be put and answered in the following manner :—

The Secretary shall call the name of each interpellator in serial order, specify the serial number of his questions and make a sufficient pause to allow him a reasonable opportunity of rising in his place, if he is desirous of asking a supplementary question. Supplementary questions must be put immediately after the principal questions to which they relate.]

Penalty for delay in Payment of Income Tax.

62. MR. S. SUBRAHMANYA KARAYALAR (*Pattanapuram* cum *Shencottah*) : Will the Government be pleased to state their reasons why a penalty equal to the assessment originally fixed is levied from an income tax assessee, if, for any reason, he does not pay the tax on the appointed date ?

MR. R. KRISHNA PILLAI (*Chief Secretary to Government*) : Under Section 35 (1) of the Income Tax Regulation "when an assessee is in default in making a payment of income tax, the Collector, in his discretion, may recover from him a sum not exceeding double the amount of tax." This provision has been made with a view to guard against persistent default of payment on the part of the assessee. A penalty of one per cent. of the tax due is levied in the first instance for failure to pay the tax on the due date, and if the tax with the penalty is not paid within 20 days from the date of the notice intimating imposition of the said penalty, a further penalty of 10 per cent. of the tax is imposed, and in case default is still persisted in, the Collector has the power to levy the maximum penalty. A penalty equal to the tax is thus only the maximum and is not levied in all cases as a matter of course (*vide* instructions in Form F appended to the Rules under Section 42 of the Income Tax Regulation).

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[Mr. S. Krishna Aiyar.]

MR. S. SUBRAHMANYA KARAYALAR (*Pattanapuram* cum *Shencottah*): I should like to know why the Government should not be satisfied with 10 per cent. of the tax as a penalty for non-payment at the proper time.

MR. R. KRISHNA PILLAI (*Chief Secretary to Government*): That is very clear from the Regulation and the Rules.

MR. S. SUBRAHMANYA KARAYALAR (*Pattanapuram* cum *Shencottah*): But, sometimes, in rare cases, they are obliged to pay a penalty equal to the tax originally imposed. Cannot the Government be satisfied with 10 per cent. of the tax as a penalty?

MR. R. KRISHNA PILLAI (*Chief Secretary to Government*): That is the provision under the Rules.

Basis for assessing Income Tax.

63. MR. S. SUBRAHMANYA KARAYALAR (*Pattanapuram* cum *Shencottah*): Is it a fact that income tax during a particular year is calculated and realised only during the course of the next year in British India, and, if so, will the Government be pleased to adopt similar rules in Travancore also to avoid the several difficulties incidental to the present system of calculating the income tax of a particular year on the basis of the accounts of the previous year?

MR. R. KRISHNA PILLAI (*Chief Secretary to Government*): No. Under the provisions of the Indian Income Tax Act, XI of 1922, income tax due from an assessee in any particular year is assessed once for all on his income of the previous year, and recovered accordingly, obviating the necessity for a provisional assessment and thereafter a subsequent adjustment. Similar provisions have been embodied in the Income Tax Regulation Amendment Bill that has been introduced in this Council.

Verification of certain facts re. A. S. No. 419 of 1094 of the High Court.

64. MR. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): Will the Government be pleased to verify and affirm the facts of the following case?

A. S. No. 419 of 1094 of the High Court from O. S. No. 84 of 1090 of the Kottayam District Court.

(*a*) Date of remand order of the High Court ...	23-5-1090.
(*b*) Date on which the remand order was received from the High Court in the Kottayam District Court ...	4-6-1099.
(*c*) Application for a copy of the remand order in the Kottayam District Court ...	1-11-1097.
(*d*) Note by Record Keeper ...	Records not yet received.
(*e*) Petition rejected ...	30-6-1096.

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